



# PROPOSED BUDGET FISCAL YEAR 2011-12



# PURPOSE

Present the proposed Fiscal Year 2011-12 operating budget for the General Operating Fund, Other General Funds, Special Funds, Utility Funds, and all other funds of the City, focusing on changes since the Narrative Budget Report presented May 3, 2011



# STATUS OF FY 2010-11

- Revenues estimated essentially as budgeted
- Current estimated expenditures below budget by \$4.1 M
- Estimated operating balance of \$1.4 M
  - Limited-period expenditures
  - One-time capital outlay
  - General Operating Fund Reserve




# CHANGES FROM THE NARRATIVE BUDGET

## General Operating Fund:

- Removed potential State budget impacts \$ (359,000)
- Reduced life, disability and mental health insurance premiums (129,000)
- Reduced general liability insurance (83,000)
- Revised water costs/misc. other changes (50,000)

## Other Funds:

- Water rate increase reduced from 23% to 20%



# RESERVES – CHANGES FROM NARRATIVE BUDGET

- GF Reserve allocation from General Operating Fund carryover balance reduced from \$1.1 M to \$820,000 (policy balance maintained)
- Potential expenditures in the Budget Contingency Reserve increased from \$1.04 million to \$1.45 million
- Transfer of \$459,000 from Compensated Absences Reserve to Equipment Replacement Reserve



# BUDGET BALANCING STRATEGY

	<u>Narrative</u>	<u>Proposed</u>
Projected Deficit	\$ 2,648	2,648
Lower Expenditures	-0-	(262)
Potential State Budget Actions	<u>-0-</u>	<u>(359)</u>
Revised Projected Deficit	2,648	2,027
Operational Efficiencies	(380)	(380)
Supplemental Revenues	(1,167)	(1,167)
Comp Cost Contain/Exp Reduct	<u>(1,101)</u>	<u>(500)</u>
Balance	\$ -0-	20

(Dollars in Thousands)



# COMPENSATION COST CONTAINMENT

- Health, pension and other compensation costs estimated to increase by \$3.8M in FY 2011-12
- Asking employees to support cost reductions of \$500,000
- Meetings with employee organizations in process



# POTENTIAL EXPENDITURE REDUCTIONS

If cost containment goal not met...

- Up to 4.0 FTE positions reduced or eliminated
  - 2.0 FTE filled, 2.0 FTE vacant
- Services affected could include Zoning administration resources, public safety public outreach, fire inspections, and Performing Arts Center stagehand services





# GENERAL OPERATING FUND REVENUES

	2009-10	2010-11	2010-11	2011-12
	<u>Audited</u>	<u>Adopted</u>	<u>Estimated</u>	<u>Proposed</u>
Property Taxes	\$ 26,017	26,418	25,185	25,987
Sales Tax	15,242	15,664	15,861	16,803
Other Taxes	9,144	9,362	9,723	10,444
Use of Money & Property	10,881	10,708	10,514	10,857
Other Revenues	23,072	23,437	24,188	24,741
Loan Repayments	<u>2,060</u>	<u>2,060</u>	<u>2,060</u>	<u>1,894</u>
Total Revenues	\$ 86,416	87,649	87,531	90,726

(Dollars in Thousands)



# GENERAL OPERATING FUND EXPENDITURES

	2009-10	2010-11	2010-11	2011-12
	<u>Audited</u>	<u>Adopted</u>	<u>Estimated</u>	<u>Proposed</u>
Salaries & Benefits	\$ 69,549	71,665	68,238	75,251
Services & Supplies	11,933	13,769	12,828	13,816
Capital Equip/Repl	2,213	2,145	2,415	2,111
Self Insurance	<u>2,441</u>	<u>2,674</u>	<u>2,674</u>	<u>2,876</u>
Total Expenditures	\$ 86,136	90,253	86,155	94,054

(Dollars in Thousands)



# GENERAL OPERATING FUND BUDGET

	2009-10 <u>Audited</u>	2010-11 <u>Adopted</u>	2010-11 <u>Estimated</u>	2011-12 <u>Proposed</u>
Revenues	\$ 86,416	87,649	87,531	90,726
Expenditures	<u>86,136</u>	<u>90,253</u>	<u>86,155</u>	<u>94,054</u>
Cost Containment/ Exp Reductions	Incl.	Incl.	Incl.	500
Est. Budget Savings	<u>Incl.</u>	<u>2,791</u>	<u>Incl.</u>	<u>2,848</u>
Operating Balance	\$ 280	187	1,376	20

(Dollars in Thousands)



# ADDITIONAL ITEMS TO BE ADDED TO BUDGET

- \$550,000 from BMR fund for Senior Group Home Project (Council Meeting 5-24-11)
- SMaRT station final budget increase of \$25,500



# TOTAL FISCAL YEAR 2011-12 PROPOSED BUDGET

	<u>Revenues</u>	<u>Expenditures</u>
General Fund:		
General Operating Fund:	\$ 90,726	\$ 93,554
Building Services:	4,067	4,260
Shoreline Golf Links:	2,942	4,116
General Fund Reserves:	3,912	18,781
Special Revenue Funds:	37,107	41,363
Capital Improv. Funds (excl CIPs):	331	2,469
Enterprise (Utility) Funds:	49,006	53,386
Internal Service Funds:	<u>13,860</u>	<u>13,673</u>
Total All Funds:	\$ 201,951	\$ 231,602

(Dollars in Thousands)

# FINANCIAL SUSTAINABILITY STRATEGIES



- Sustainable Operating/Financial Model for Shoreline Golf Links
  - Staff is working on a detailed financial and operational analysis of both an outsourced and a revised City-staffed model
  - Will report results in early September
- Vehicle Fleet Review
  - Staff will complete a baseline internal review/analysis of the vehicle fleet before the end of FY 2010-11
  - Additional analysis required in FY 2011-12

# FINANCIAL SUSTAINABILITY STRATEGIES (cont.)



- Joint Service Opportunities
  - “Virtual” consolidation of public safety dispatch services with Palo Alto and Los Altos is in process
  - Alternative approach to animal services under consideration; returning to Council in the Fall
  - Other shared service opportunities being explored include shared equipment, a joint communications center, centralized records management, emergency planning and arson investigation; staff will report progress in the Fall

# FINANCIAL SUSTAINABILITY STRATEGIES (cont.)



- Employee Group Cost Containment
  - Negotiations with employee groups are in process; will be the focus of labor relations for the next few years
- Economic Development
  - Staff is focusing on strategic property acquisition and development, primarily for the Moffett Gateway property, North Bayshore area, and Downtown Revitalization area
- Staff continuing to seek opportunities to increase operational efficiencies, consolidate positions, reduce costs associated with internal services and maintain appropriate cost recovery for fee-based services





# NEXT STEPS

- Tonight:
  - Questions and feedback on Proposed Budget
- June 14<sup>th</sup> Council Meeting:
  - Refuse rate Prop 218 hearing
  - Budget Adoption



# COUNCIL FEEDBACK

- FY 2011-12 City of Mountain View Proposed Operating Budget
- FY 2011-12 Mountain View Revitalization Authority Proposed Budget
- FY 2011-12 Mountain View Shoreline Regional Park Community Proposed Budget
- FY 2011-12 City of Mountain View Capital Improvement Financing Authority
- FY 2011-12 Adopted CIP Funding
- Miscellaneous Fee Modifications
- Utility Rates